

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
NORTHERN DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)
)
 Plaintiff,)
)
 v.)
)
 KEVIN B. MERRILL, et al.,)
)
 Defendants.)

Case No.: 1:18-cv-02844-RDB

**RECEIVER GREGORY S. MILLIGAN’S MOTION FOR ORDER AUTHORIZING
RETENTION, EMPLOYMENT, AND COMPENSATION OF BANKRUPTCY
MANAGEMENT SOLUTIONS INC. D/B/A STRETTO AS CLAIMS AGENT**

Receiver Gregory S. Milligan (the “Receiver”) respectfully submits this Motion for Order Authorizing Retention, Employment, and Compensation of Bankruptcy Management Solutions Inc. d/b/a Stretto (“Stretto”) as Claims Agent (the “Motion”). The facts and circumstances supporting this Motion are set forth in the Declaration of Anthony Facciano (the “Facciano Declaration”), attached as **Exhibit A**, and the Declaration of Gregory S. Milligan (the “Milligan Declaration”), attached as **Exhibit B**. In further support of this Motion, the Receiver shows the Court as follows:

I. BACKGROUND

1. On September 13, 2018, the Securities and Exchange Commission (the “SEC”) filed a Complaint against the Defendants and requested a temporary restraining order, preliminary injunction, and appointment of a receiver. *See* Dkt. No. 1. On September 13, 2018, the Court entered the Order Appointing Temporary Receiver appointing Gregory S. Milligan to be the Receiver for the Receivership Estate. *See* Dkt. No. 11. On November 27, 2018, the Court entered

the First Amended Order Appointing Temporary Receiver (collectively, the “Receivership Order”) clarifying and modifying the Receiver’s authority and identifying the Receivership Parties.¹ *See* Dkt. No. 62.

2. On October 4, 2019, the Court entered an Order granting the Receiver authority to identify claimants and creditors of the Receivership Estate and to propose a plan of distribution. *See* Dkt. No. 222. With this authority in the SEC Action, the Receiver then conferred with the U.S. Attorney’s Office to obtain disclosure and release of information to the Receiver and the SEC, which was originally gathered by the U.S. Attorney’s Office and FBI regarding both individual investors and pooled fund investors. Orders authorizing such disclosure were entered in the in the criminal action styled *U.S.A. v. Merrill, et al.*, Case No. 1:18-cr-00465-RDB (the “Criminal Action”) in November 2019. *See* Criminal Action, Dkt. Nos. 187 & 190. The Receiver is filing the proposed claims procedure contemporaneously with the filing of this Motion. *See* Dkt. No. 391 at 19; Milligan Declaration at ¶ 4.

3. The Receivership Order requires the Receiver to “use the Receivership Assets for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver.” Dkt. No. 62 at ¶ 8(D); Milligan Declaration at ¶ 5. These duties will necessitate a claims procedure by which hundreds of investors and creditors can submit claims, the Receiver can propose a distribution plan, and can ultimately make distributions to the injured parties. Milligan Declaration at ¶ 5.

4. The Receivership Order also provides the following, in pertinent part:

[T]he Receiver is authorized to solicit persons and entities

¹ Capitalized terms herein shall have the same meaning as used in the Receivership Order unless otherwise noted.

(“Retained Personnel”) to assist him in carrying out the duties and responsibilities described in this Order. With the exception of the retention of counsel to represent him in this matter, the Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

Dkt. No. 62 at ¶ 63; Milligan Declaration at ¶ 6.

5. The Receiver requires the assistance of a claims agent to facilitate the efficient noticing and cataloging of claims received. Milligan Declaration at ¶ 8. Consistent with the Receivership Order, the Receiver seeks to employ Stretto so it can facilitate the noticing and processing of claims in the most efficient and cost-effective manner.

II. RELIEF REQUESTED

6. The Receiver seeks to retain Stretto to represent the Receiver as its claims agent to facilitate claims and noticing services and otherwise orchestrate the claims administration process. The Receiver wishes to employ Stretto in accordance with the terms set forth in the Engagement Agreement attached to the Facciano Declaration as Exhibit 1. The professional services that Stretto will render to the Receiver shall include providing advice and assistance in the claims administration process as detailed in Exhibit 1 to the Facciano Declaration. *See* Facciano Declaration, at ¶ 3.

7. Stretto was founded over 30 years ago and has a long history in the consumer-bankruptcy and corporate-restructuring industries. Facciano Declaration at ¶ 4. Stretto has vast expertise dealing with claims noticing and administration and has worked with fiduciaries in hundreds of receiverships and bankruptcy cases. Facciano Declaration at ¶ 4. Stretto regularly partners with court-appointed receivers and is experienced in navigating the claims reconciliation process in public and highly complex cases. Facciano Declaration at ¶ 4. Stretto has acted as claims agent for court-appointed receivers in SEC receivership cases similar to this SEC Action.

Facciano Declaration at ¶ 4. The most recent SEC Receivership case in which Stretto has served as claims agent is *SEC v. Direct Lending Investments, LLC*, Case No. 19-cv-02188-DSF-MRW pending in the United States District Court for the Central District of California. Facciano Declaration at ¶ 4.

8. Stretto has a robust technology platform to support unique case needs and has strategic partnerships with a nationwide bank network if its assistance is needed in an ultimate distribution process. Facciano Declaration at ¶ 5. Stretto provides proprietary software that allows investors and creditors to submit claims and upload additional supporting documentation, which Stretto then uses to compile and present information and allow receivers to review and reconcile any submissions. Facciano Declaration at ¶ 5.

9. Stretto, therefore, has specialized knowledge and deep-industry experience in handling noticing and processing of filed claims. Facciano Declaration at ¶ 6. The Receiver believes that Stretto's team is well-qualified to serve as the Receiver's claims agent based on its years of experience and knowledge of the relevant processes. Further, the Receiver considered handling the claims by other means, such as through the Receiver's or his counsel's professionals and staff, or through different claims agents, and conducted due diligence in that regard. After such consideration, the Receiver believes that Stretto orchestrating the claims administration process will be the most efficient process and will net the greatest recovery for the Receivership Estate. *See* Milligan Declaration at ¶ 7.

10. The Receiver seeks approval to incur Stretto's fees in connection with the claims agent services proposed herein pursuant to the fee structure set forth in the Engagement Agreement attached to the Facciano Declaration as Exhibit 1. Stretto's fees will depend on the personnel

assigned to work on the matters described herein and will be billed to the Receivership Estate on an hourly basis as follows:

<u>Professional</u>	<u>Rate per Hour</u>
Analyst	\$30.00 - \$50.00
Associate/Senior Associate	\$65.00 - \$165.00
Director/Managing Director	\$175.00 - \$210.00
Executive Management	Waived

See Exhibit 1 to Facciano Declaration.

11. Stretto agrees that it is required to file with the Court interim and final fee applications in accordance with and pursuant to the Receivership Order and the Billing Instructions for Receivers in Civil Actions Commenced by the SEC (the “Billing Instructions”). *See* Exhibit 1 to Facciano Declaration.

12. The Receiver believes that the Stretto compensation structure is fair market value, especially in light of Stretto’s knowledge and expertise in serving as claims agent. The Receiver further believes that engaging Stretto is in the best interest of the Receivership Estate. *See* Milligan Declaration at ¶ 11.

13. In addition, the Receiver requests authority to disclose the Victim Financial Information and the Pooled Fund Information, as defined in Dkt. Nos. 187 & 190 in the Criminal Action, and records under Misc. Order No 19-708 (under seal) to Stretto as part of its duties in acting as the Receiver’s claims agent. Stretto will be bound by the same requirements as the SEC and the Receiver that are contained in Dkt. Nos. 187 & 190 in the Criminal Action.

III. CONCLUSION

For all the reasons stated above, the Receiver respectfully requests that this Court enter an order: (i) granting this Motion, (ii) authorizing the Receiver to employ Bankruptcy Management Solutions Inc. d/b/a Stretto as claims agent for the Receiver pursuant to the Engagement

Agreement; (iii) authorizing the Receiver to disclose the Victim Financial Information and Pooled Fund Information to Stretto; and (iv) granting such other relief as the Court deems just and proper.

Date: February 5, 2021

Respectfully Submitted,

/s/ Lynn H. Butler

Lynn H. Butler, *pro hac vice*

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Austin, TX 78701

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brian.waagner@huschblackwell.com

Counsel for Receiver Gregory S. Milligan

CERTIFICATE OF SERVICE

On February 5, 2021, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court for the District of Maryland, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically through the Court's CM/ECF filing system for all parties who have registered to receive electronic service. Additionally, the foregoing document was served on the following parties not registered for Court's CM/ECF filing system as indicated below:

Defendant Kevin B. Merrill (via U.S. Mail):

Kevin B. Merrill, #64274-037
FCI Allenwood Low
Federal Correctional Institution
P.O. Box 1000
White Deer, PA 17887

Defendant Jay B. Ledford (via U.S. Mail):

Jay B. Ledford, #55055-048
FCI Safford
Federal Correctional Institution
P.O. Box 9000
Safford, AZ 85548

Criminal Counsel for Defendant Kevin B. Merrill (via E-Mail and U.S. Mail):

Elizabeth Genevieve Oyer
Office of the Federal Public Defender
100 S Charles St Ste 900 Tower II
Baltimore, MD 21201
liz_oyer@fd.org

Maggie Grace
Office of the Federal Public Defender
100 S Charles St, Tower II, 9th Floor
Baltimore, MD 21201
maggie_grace@fd.org

Criminal Counsel for Defendant Jay B. Ledford (via E-Mail and U.S. Mail):

Harry J Trainor , Jr
Trainor Billman Bennett and Milko LLP
116 Cathedral St Ste E
Annapolis, MD 21401
htrain@prodigy.net

Criminal Counsel for Defendant Cameron R. Jezierski (via E-Mail and U.S. Mail):

Joseph J Aronica
Duane Morris LLP
505 9th St NW Ste 1000
Washington, DC 20004
jjaronica@duanemorris.com

Criminal Counsel for Relief Defendant Amanda Merrill (via E-Mail and U.S. Mail):

Addy R. Schmitt
Ian Herbert
Miller & Chevalier Chartered
900 16th St NW
Washington, DC 20006
aschmitt@milchev.com
iherbert@milchev.com

Relief Defendant Lalaine Ledford (via U.S. Mail):

Lalaine Ledford
10512 Courtney Cove Ave.
Las Vegas, NV 89144

Lalaine Ledford
2381 Carnegie Hall Street
Las Vegas, NV 89135
lalainebarretto@yahoo.com

Baltimore County Office of Law (via E-Mail and U.S. Mail):

Susan B. Dubin
Baltimore County Office of Law
400 Washington Avenue
Towson, Maryland 21204
sdubin@baltimorecountymd.gov

Dundalk United Methodist Church (U.S. Mail):

Dundalk United Methodist Church
c/o Edward F. Mathus
6903 Mornington Road
Baltimore, Maryland 21222

Lienholders, Tax Assessors, and Other Interested Parties (U.S. Mail):

Florida Community Bank, N.A.
2325 Vanderbilt Beach Road
Naples, Florida 34109

Mortgage Electronic Registration Systems, Inc.
PO Box 2026
Flint, Michigan 48501-2026

Collier County, Florida Tax Assessor
3291 Tamiami Trail East
Naples, Florida 34112

Maryland Department of Assessments & Taxation
301 W. Preston Street
Baltimore, Maryland 21201-2395

Branch Banking and Trust Company,
A North Carolina Banking Corporation
PO Box 1290
Whiteville, North Carolina 28472

Talbot County, Maryland Finance Office
Talbot County Courthouse
11 North Washington Street, Suite 9
Easton, Maryland 21601

HSBC Bank USA, National Association, as trustee of
J.P. Morgan Alternative Loan Trust 2006-A5
c/o Howard n. Bierman, Trustee
c/o Select Portfolio Servicing, Inc.
3815 Southwest Temple
Salt Lake City, Utah 84115

Clark County, Nevada Tax Assessor
500 S. Grand Central Parkway
Las Vegas, Nevada 89155

First Financial Bank, N.A. Southlake
3205 E. Hwy. 114
PO Box 92840
Southlake, Texas 76092

Hunter Kelsey of Texas, LLC
4131 Spicewood Springs Road, Bldg. J-1A
Austin, Texas 78759

Frost Bank, f/k/a The Frost National Bank
c/o Michael J. Quilling
Quilling, Selander Lownds, Winslett & Moser, P.C.
2001 Bryan Street, Suite 1800
Dallas, Texas 75201

The City of Colleyville, Texas
c/o Victoria W. Thomas
Nichols, Jackson, Dilard, Hager & Smith, L.L.P.
1800 Lincoln Plaza
500 North Akard
Dallas, Texas 75201

Tarrant County, Texas Tax Assessor
100 E. Weatherford
Fort Worth, Texas 76196

J Trust
c/o Hillary RE. Badrow, Trustee
2801 Paramount Boulevard
Amarillo, Texas 79109

Dallas Central Appraisal District
2949 N. Stemmons Freeway
Dallas, Texas 75247-6195

Bozeman West
PO Box 1970
15632 West Main Street
Bozeman, Montana 59771-1970

Neil A. Patel
5308 Burgandy Court
Colleyville, Texas 76034

TIB – The Independent Bankers Bank
350 Phelps Court, Suite 200
PO Box 560528i
Dallas, Texas 75356-0528

Wachovia Mortgage, FSB
PO Box 659548
San Antonio, Texas 78265-9548

Denton County Tax Assessor
1505 E. McKinney Street
Denton, Texas 76209-4525

Potter County, Texas Tax Assessor
900 South Polk, Suite 106
Amarillo, Texas 79101

Wells Fargo Home Mortgage
P.O. Box 10335
Des Moines, IA 50306

Albertelli Law
Attn: Coury M. Jacocks
2201 W. Royal Lane, Suite 155
Irving, TX 75063

Samual I. White, P.C.
5040 Corporate Woods Drive, Suite 120
Virginia Beach, VA 23462

/s/ Lynn H. Butler

Lynn H. Butler

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
NORTHERN DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)
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 Plaintiff,)
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 v.)
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 KEVIN B. MERRILL, et al.,)
)
 Defendants.)

Case No.: 1:18-cv-02844-RDB

**DECLARATION OF ANTHONY FACCIANO IN SUPPORT OF RECEIVER
GREGORY S. MILLIGAN’S MOTION FOR ORDER AUTHORIZING
RETENTION, EMPLOYMENT, AND COMPENSATION OF BANKRUPTCY
MANAGEMENT SOLUTIONS INC. D/B/A STRETTO AS CLAIMS AGENT**

I, Anthony Facciano, declare under 28 U.S.C. § 1746 and under penalty of perjury as follows:

1. I am the Managing Director of Bankruptcy Management Solutions Inc. d/b/a Stretto (“Stretto”), and maintain an office at 410 Exchange, Suite 100, Irvine, California 92602.
2. The facts set forth herein are true and correct and based upon my personal knowledge.
3. I make this affirmation in support of the Motion for Order Authorizing Retention, Employment, and Compensation of Bankruptcy Management Solutions Inc. d/b/a Stretto as Claims Agent (the “Motion”), filed by the Receiver Gregory S. Milligan (the “Receiver”), for authority to retain Stretto as claims agent for the Receiver to advise and assist in the claims administration process relating to claims submitted by investors and creditors.
4. Stretto was founded over 30 years ago and has a long history in the consumer-bankruptcy and corporate-restructuring industries. Stretto has vast expertise dealing with claims noticing and administration and has worked with fiduciaries in hundreds of receiverships and bankruptcy cases. Stretto regularly partners with court-appointed receivers and is experienced in navigating the claims reconciliation process in highly public and complex cases. Stretto has acted as claims agent for court-appointed receivers in SEC receivership cases similar to this SEC Action. The most recent SEC Receivership case in which Stretto has served as claims agent is *SEC v. Direct Lending Investments, LLC*, Case No. 19-cv-02188-DSF-MRW pending in the United States District Court for the Central District of

California.

5. Stretto has a robust technology platform to support unique case needs and has strategic partnerships with a nationwide bank network if its assistance is needed in an ultimate distribution process. Stretto provides proprietary software that allows investors and creditors to submit claims and upload additional supporting documentation, which Stretto then uses to compile and present information and allow receivers to review and reconcile any submissions.
6. Stretto, therefore, has specialized knowledge and deep-industry experience in handling noticing and processing of filed claims.
7. The Receiver seeks to employ, retain, and compensate Stretto to facilitate claims and noticing services and otherwise orchestrate the claims administration process in accordance with the terms set forth in the Engagement Agreement attached as **Exhibit 1**.
8. The professional services that Stretto will render to the Receiver shall include acting as the Receiver's claims agent to facilitate claims and noticing services and otherwise orchestrate the claims administration process.
9. Stretto will also create a claim submission portal (tentatively to be located at *cases.stretto.com/Merrill-Ledford*) (the "Stretto Portal") that the Receiver will be able to add as a hyperlink from the Receiver's website (*Merrill-ledford.com*) for investors and creditors to submit claims and documents online. Stretto will aggregate all responses and claim forms (the "Claims Register") in a spreadsheet to be provided to the Receiver at regularly scheduled intervals, or upon request.
10. The Engagement Agreement contains the proposed fee structure (the "Fee") for Stretto's services. Stretto's fees will depend on the personnel assigned to work on the matters described herein and will be billed to the Receivership Estate on an hourly basis as follows:

<u>Professional</u>	<u>Rate per Hour</u>
Analyst	\$30.00 - \$50.00
Associate/Senior Associate	\$65.00 - \$165.00
Director/Managing Director	\$175.00 - \$210.00
Executive Management	Waived

11. Stretto agrees that it is required to file with the Court interim and final fee applications in accordance with and pursuant to the Receivership Order and the Billing Instructions for Receivers in Civil Actions Commenced by the SEC.
12. Other than as disclosed in the Motion and the Engagement Agreement regarding compensation to Stretto, no other agreement exists to share any compensation received by Stretto for its services to the Receiver with any other person or firm.
13. The Fee set forth in the Engagement Agreement is customary and standard for claims

processing and handling services and has been agreed upon between Stretto and the Receiver.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on February 5, 2021.



ANTHONY FACCIANO

EXHIBIT 1

Services Agreement

This Services Agreement (this “Agreement”) is entered into as of February __, 2021 between Bankruptcy Management Solutions, Inc. d/b/a Stretto (“Stretto”) and Gregory S. Milligan, as Court-Appointed Receiver (the “Receiver”) in the case styled *Securities and Exchange Commission v. Kevin B. Merrill, et al.*, Cause No. 1:18-cv-02844-RDB pending in the United States District Court for the District of Maryland (the “SEC Action”).

In consideration of the promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Services

- (a) Stretto agrees to provide the Receiver with consulting services regarding (i) legal noticing and maintenance of claims registers, creditor mailing matrices, an electronic platform for filing claims and supporting documents, and claim noticing, claim responses and disputes, disbursements, and administrative support in preparation of notices, claims, and schedules (“Claims Administration, Noticing, and Disbursement Services”); and (ii) claims analysis and reconciliation, confidential online workspaces or data rooms (publication to which shall not violate the confidentiality provisions of this Agreement), and any other services agreed upon by the parties or otherwise required by applicable law, governmental regulations or court rules or orders (all such services collectively, the “Services”).
- (b) The Receiver acknowledges and agrees that Stretto will often take direction from the Receiver's representatives, employees, agents and/or professionals (collectively, the “Receiver Parties”) with respect to providing Services hereunder. The parties agree that Stretto may rely upon, and the Receiver agrees to be bound by, any requests, advice or information provided by the Receiver Parties to the same extent as if such requests, advice or information were provided by the Receiver.
- (c) The Receiver agrees and understands that Stretto shall not provide the Receiver or any other party with legal advice.

2. Rates, Expenses and Payment

- (a) Stretto will provide the Services on an as-needed basis and upon request or agreement of the Receiver, in each case in accordance with Stretto’s Rate Structure. The Receiver agrees to pay for reasonable out of pocket expenses incurred by Stretto in connection with providing Services hereunder.
- (b) Stretto will bill the Receiver no less frequently than monthly. Stretto acknowledges that it is required to file interim and final fee applications in the SEC Action in accordance with and pursuant to the First Amended Order Appointing Temporary Receiver in the SEC Action (the “Receivership Order”), a copy of which is attached hereto as **Exhibit A**, and the Billing Instructions for Receivers in Civil Actions Commenced by the SEC (the “Billing Instructions”), a copy of which is attached hereto as **Exhibit B**. All invoices shall be due and payable upon entry of an order granting Stretto’s fee application and the expiration of any applicable objection period under applicable local rules for the United States District Court for the District of Maryland (the “Local Rules”). Stretto acknowledges that all fee applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. Where an expense or group of expenses to be incurred is expected to exceed \$10,000 (e.g., publication notice), Stretto may require advance or direct payment from the Receiver before the performance of Services hereunder. If any amount is unpaid as of 30 days after entry of an order granting Stretto’s fee application and the expiration of any

applicable objection period under applicable Local Rules, the Receiver agrees to pay a late charge equal to 1.5% of the total amount unpaid every 30 days.

- (c) In the case of a dispute with respect to an invoice amount, the Receiver shall provide a detailed written notice of such dispute to Stretto within 10 days of receipt of the invoice.
- (d) The undisputed portion of the invoice will remain due and payable immediately upon entry of an order granting Stretto's fee application and the expiration of any applicable objection period under applicable Local Rules. Late charges shall not accrue on any amounts disputed in good faith.
- (e) The Receiver shall pay any fees and expenses for Services relating to, arising out of or resulting from any error or omission made by the Receiver or the Receiver Parties.
- (f) The Receiver shall pay or reimburse any taxes that are applicable to Services performed hereunder or that are measured by payments made hereunder and are required to be collected by Stretto or paid by Stretto to a taxing authority.
- (g) Upon execution of this Agreement and entry of an order granting the Receiver's motion to employ Stretto in the SEC Action, the Receiver shall pay Stretto an advance of \$25,000.00. Stretto may use such advance against unpaid fees and expenses hereunder. Stretto may use the advance against all fees and expenses upon entry of an order granting Stretto's fee application and the expiration of any applicable objection period under applicable Local Rules. The Receiver shall upon Stretto's request, which request may take the form of an invoice, replenish the advance to the original advance amount. Stretto may also, at its option hold such advance to apply against unpaid fees and expenses hereunder.
- (h) Stretto reserves the right to make reasonable increases to the Rate Structure on an annual basis effective on the first business day of each year. If such annual increases represent an increase greater than 10% from the previous year's levels, Stretto shall provide 30 days' notice to the Receiver of such increases.
- (i) Payments to Stretto under the terms of this Agreement for services rendered, may be remitted by Client using either (or both) of the following methods:

Wire Transmission

Bank Name – Pacific Western Bank
Bank Address – 110 West A Street, Suite 100, San Diego, CA 92101
ABA – **REDACTED**
Account Number – **REDACTED**
Account Name – Bankruptcy Management Solutions, Inc.

Check

Stretto
Attn: Accounts Receivable
410 Exchange, Suite 100
Irvine, CA 92602

3. Retention in Bankruptcy Case

- (a) If the Receiver commences a case pursuant to title 11 of the United States Code (the "Bankruptcy Code"), the Receiver promptly shall file any necessary application with the Bankruptcy Court to retain Stretto to provide the Services. The form and substance of such applications and any order approving them shall be reasonably acceptable to Stretto.
- (b) If any Receiver chapter 11 case converts to a case under chapter 7 of the Bankruptcy Code, Stretto will continue to be paid for Services pursuant to 28 U.S.C. § 156(c) and the terms hereunder.

4. Confidentiality

- (a) The Receiver and Stretto agree to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the Services provided hereunder; provided, however, that if any such information was publicly available, already in the receiving party's possession or known to it, independently developed by the receiving party, lawfully obtained by the receiving party from a third party or required to be disclosed by law, then the receiving party shall bear no responsibility for publicly disclosing such information.
- (b) If either party reasonably believes that it is required to disclose any confidential information pursuant to an order from a governmental authority, (i) such party shall provide written notice to the other party promptly after receiving such order, to allow the other party sufficient time, if possible, to seek any remedy available under applicable law to prevent disclosure of the information; and (ii) such party will limit such disclosure to the extent the such party's counsel in good faith determines such disclosure can be limited.
- (c) Stretto acknowledges and agrees that the Victim Financial Information and the Pooled Fund Information, as defined in Dkt. Nos. 187 & 190 in the in the criminal action styled *U.S.A. v. Merrill, et al.*, Case No. 1:18-cr-00465-RDB (the "Criminal Action"), contain highly sensitive and confidential information that may not be disclosed or produced to anyone other than the Receiver and the counterparty to the Victim Financial Information and the Pooled Fund Information. Stretto agrees to be bound by the same requirements as the SEC and the Receiver that are contained in Dkt. Nos. 187 & 190 in the Criminal Action.

5. Property Rights

Stretto reserves to itself and its agents all property rights in and to all materials, concepts, creations, inventions, works of authorship, improvements, designs, innovations, ideas, discoveries, know-how, techniques, programs, systems, specifications, applications, processes, routines, manuals, documentation and any other information or property (collectively, "Property") furnished by Stretto for itself or for use by the Receiver hereunder. The foregoing definition of Property shall include any and all data, from any source, downloaded, stored and maintained by Stretto's technology infrastructure. Fees and expenses paid by the Receiver do not vest in the Receiver any rights in such Property. Such Property is only being made available for the Receiver's use during and in connection with the Services provided by Stretto hereunder.

6. Bank Accounts

At the request of the Receiver or the Receiver Parties, Stretto shall be authorized to establish accounts with financial institutions in the name of and as agent for the Receiver to facilitate distributions pursuant to a Court-approved plan of distribution or other transaction. To the extent that certain financial products are provided to the Receiver pursuant to Stretto's agreement with financial institutions, Stretto may receive compensation from such institutions for the services Stretto provides pursuant to such agreement.

7. Term and Termination

- (a) This Agreement shall remain in effect until terminated by either party: (i) on 30 days' prior written notice to other party; or (ii) immediately upon written notice for Cause (as defined herein). "Cause" means (i) gross negligence or willful misconduct of Stretto that causes material harm to the Receiver's duties under the Receivership Order, (ii) the failure of the Receiver to pay Stretto invoices for more than 60 days from the date of entry of an order

granting Stretto's fee application and the expiration of any applicable objection period under applicable Local Rules, or (iii) the accrual of invoices or unpaid Services in excess of the advance held by Stretto where Stretto reasonably believes it likely will not be paid.

- (b) If this Agreement is terminated after Stretto is retained pursuant to Court order in the SEC Action, the Receiver promptly shall seek entry of a Court order discharging Stretto of its duties under such retention, which order shall be in form and substance reasonably acceptable to Stretto.
- (c) If this Agreement is terminated, the Receiver shall remain liable for all amounts then accrued and/or due and owing to Stretto hereunder.
- (d) If this Agreement is terminated, Stretto shall coordinate with the Receiver and, to the extent applicable, the clerk of the Court, to maintain an orderly transfer of record keeping functions, and Stretto shall provide the necessary staff, services and assistance required for such an orderly transfer. The Receiver agrees to pay for such Services pursuant to the Rate Structure.

8. No Representations or Warranties

Stretto makes no representations or warranties, express or implied, regarding the services and products sold or licensed to the Receiver hereunder or otherwise with respect to this Agreement, including, without limitation, any express or implied warranty of merchantability, fitness or adequacy for a particular purpose or use, quality, productiveness or capacity. Notwithstanding the foregoing, if the above disclaimer is not enforceable under applicable law, such disclaimer will be construed by limiting it so as to be enforceable to the extent compatible with applicable law.

9. Indemnification

- (a) To the fullest extent permitted by applicable law, the Receiver shall indemnify and hold harmless Stretto and its members, directors, officers, employees, representatives, affiliates, consultants, subcontractors and agents (collectively, the "Indemnified Parties") from and against any and all losses, claims, damages, judgments, liabilities and expenses, whether direct or indirect (including, without limitation, counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to Stretto's performance hereunder. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third parties against any Indemnified Party.
- (b) Stretto and the Receiver shall notify each other in writing promptly upon the assertion, threat or commencement of any claim, action, investigation or proceeding that either party becomes aware of with respect to the Services provided hereunder.
- (c) The Receiver's indemnification of Stretto hereunder shall exclude Losses resulting from Stretto's negligence, willful misconduct, or failure to comply with the terms of this Agreement or Court order entered in the SEC Action or Criminal Action.
- (d) The Receiver's indemnification obligations hereunder shall survive the termination of this Agreement.

10. Limitations of Liability

Except as expressly provided herein, Stretto's liability to the Receiver for any Losses, unless due to Stretto's negligence, willful misconduct, or failure to comply with the terms of this Agreement or Court order entered in the SEC Action or Criminal Action, shall be limited to the total amount paid by the Receiver to Stretto for the portion of the particular work that gave rise to the alleged Loss. In no event shall Stretto be liable for any indirect, special or consequential damages (such as loss of

anticipated profits or other economic loss) in connection with or arising out of the Services provided hereunder.

11. Receiver Data

- (a) The Receiver is responsible for, and Stretto does not verify, the accuracy of the programs, data and other information it or any Receiver Party submits for processing to Stretto and for the output of such information, including, without limitation, with respect to preparation of notices, schedules, and claims (collectively, "Notices"). Stretto bears no responsibility for the accuracy and content of the Notices, and the Receiver is deemed hereunder to have approved and reviewed all Notices filed or served on its behalf.
- (b) The Receiver agrees, represents and warrants to Stretto that before delivery of any information to Stretto: (i) the Receiver has full authority to deliver such information to Stretto; and (ii) Stretto is authorized to use such information to perform Services hereunder and as otherwise set forth in this Agreement.
- (c) Any data, storage media, programs or other materials furnished to Stretto by the Receiver may be retained by Stretto until the Services provided hereunder are paid in full. The Receiver shall remain liable for all fees and expenses incurred by Stretto under this Agreement as a result of data, storage media or other materials maintained, stored or disposed of by Stretto. Any such disposal shall be in a manner requested by or acceptable to the Receiver; provided that if the Receiver has not utilized Stretto's Services for a period of 90 days or more, Stretto may dispose of any such materials in a manner to be determined in Stretto's sole reasonable discretion, and be reimbursed by the Receiver for the expense of such disposition, after giving the Receiver 30 days' notice. The Receiver agrees to initiate and maintain backup files that would allow the Receiver to regenerate or duplicate all programs, data or information provided by the Receiver to Stretto.
- (d) Notwithstanding the foregoing, if Stretto is retained pursuant to Court order, disposal of any Receiver data, storage media or other materials shall comply with any applicable court orders and rules or clerk's office instructions.

12. Non-Solicitation

The Receiver agrees that neither it nor any of its subsidiaries or affiliates shall directly or indirectly solicit for employment, employ or otherwise retain as employees, consultants or otherwise, any employees of Stretto during the term of this Agreement and for a period of 12 months after termination thereof unless Stretto provides prior written consent to such solicitation or retention.

13. Force Majeure

Whenever performance by Stretto of any of its obligations hereunder is materially prevented or impacted by reason of any act of God, government requirement, strike, lock-out or other industrial or transportation disturbance, fire, flood, epidemic, lack of materials, law, regulation or ordinance, act of terrorism, war or war condition, or by reason of any other matter beyond Stretto's reasonable control, then such performance shall be excused.

14. Choice of Law

The validity, enforceability and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. Arbitration

Any dispute arising out of or relating to this Agreement or the breach thereof shall be finally resolved by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. There shall be three arbitrators named in accordance with such rules. The arbitration shall be conducted in the English language in Irvine, California in accordance with the United States Arbitration Act. Notwithstanding the foregoing, upon commencement of any chapter 11 case(s) by the Receiver, any disputes related to this Agreement shall be decided by the bankruptcy court assigned to such chapter 11 case(s).

16. Integration: Severability; Modifications: Assignment

- (a) Each party acknowledges that it has read this Agreement, understands it and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, agreements and communications between the parties relating to the subject matter hereof.
- (b) If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
- (c) This Agreement may be modified only by a writing duly executed by an authorized representative of the Receiver and an officer of Stretto.
- (d) This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other; provided, however, that Stretto may assign this Agreement to a wholly-owned subsidiary or affiliate without the Receiver's consent.

17. Effectiveness of Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which shall constitute one and the same agreement. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, which delivery may be made by exchange of copies of the signature page by fax or email.

18. Notices

All notices and requests in connection with this Agreement shall be sufficiently given or made if given or made in writing via hand delivery, overnight courier, U.S. Mail (postage prepaid) or email, and addressed as follows:

If to Stretto: Stretto
 410 Exchange, Ste. 100
 Irvine, CA 92602
 Attn: Sheryl Betance
 Tel: 714.716.1872
 Email: sheryl.betance@stretto.com

If to the Receiver: Gregory S. Milligan, Receiver
 P.O. Box. 90099
 Austin, TX 78709-0099
 Email: gmilligan@harneypartners.com

With a copy to: Husch Blackwell LLP
 111 Congress Ave., Suite 1400
 Austin, TX 78738
 Tel: 512.479.1179
 Email: Jameson.watts@huschblackwell.com

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

Stretto

By:

Title:

Gregory S. Milligan, in His Capacity as Court-Appointed Receiver

By:

Title:

Fee Structure

Consulting Services and Rates

Position

Hourly Rate

Analyst

\$30 - \$50

The Analyst processes incoming mail, including claim forms, supporting documents, creditor correspondence, and returned mail. Also assists with the generation of mailing services.

Associate/Senior Associate

\$65 - \$165

The Associate manages the various data collection processes required by the Court-approved claims and distribution processes. This includes, among other things, compiling the notices, schedules, and claim forms (and generating drafts of same for counsel and advisors), reviewing and processing claims and disputes, overseeing contract review, overseeing all mailings and generating custom claim reports.

The Senior Associate leads complex data aggregation projects for compilation of notices, schedules, and claim forms. In addition, the Senior Associate oversees quality control on mailings and reports. Stretto's Senior Associates average over seven years of experience.

Director/ Managing Director

\$175 - \$210

The Director is the primary contact for the Receiver, counsel and other professionals and oversees and supports all aspects of the administration for the entirety of an engagement.

The Managing Director provides industry and/or project specific expertise to support complex matters. Professionals, including Stretto's executive management team will serve in this role when appropriate.

Stretto's Directors and Managing Directors have over fifteen years of experience and are typically former restructuring professionals.

Executive Management

Waived

Our Executive Management team oversees Stretto's Corporate Restructuring group and will provide consulting support to this matter at no charge.

Printing Services & Noticing Services

Service

Printing
Customization/Envelope Printing
Document Folding and Inserting
Postage/Overnight Delivery
Standard Email Noticing
Fax Noticing
Envelopes
Coordinate and Publish Legal Notices

Pricing

\$0.10 (per image)
\$0.05 (each)
Waived
Preferred Rates
Waived
\$0.10 (per page)
Varies by Size
Available on Request

Electronic Services

Service

Case Website Set-Up
Update Case Docket and Claims Register
Online Claims Filing
Online Ballots Filing
Robotic Process Automation
eDiscovery
Secured File Retention, FedRAMP, and HTTPs Environments

Pricing

Waived
Waived
Waived
Waived
Varies by Use
Quoted at Time of Request
Varies by Use

Claims Administration & Management Expenses

Service

License Fee and System Maintenance
Database and System Access (Unlimited Users)
Custom Client Reports

Pricing

\$0.10 (per creditor per month)
Waived
Waived

Document Management Services

Service

Electronic Imaging (Per Imaged Page)
Virtual Data Room

Pricing

\$0.10
Available on Request

Call Center Support Services

Service

Case-Specific Voice-Mail Box for Creditors
Interactive Voice Response (Per Minute)
Monthly Maintenance Charge
Management of Call Center (Per Hour)

Pricing

Waived
Waived
Waived
Standard Hourly Rates

Disbursement Services

Service

Check Issuance
W-9 Mailing and Maintenance of TIN Database
Disbursements - Record to Transfer Agent

Pricing

Available on Request
Standard Hourly Rates
Quoted at Time of Request

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

KEVIN B. MERRILL, et al.,

Defendants

Case No. 1:18-cv-02844-RDB

FIRST AMENDED ORDER APPOINTING TEMPORARY RECEIVER

WHEREAS this matter has come before this Court upon Plaintiff Securities and Exchange Commission's (the "SEC") Motion for a Temporary Restraining Order Freezing Assets, Appointing a Temporary Receiver, and Granting Other Emergency Relief (Doc. No. 3) and Receiver Gregory S. Milligan's Motion to Clarify and Modify Receivership Order (Doc. No. 53);

WHEREAS Defendants and their affiliate entities possess significant assets-the full nature and extent of which are not currently known to the Court-including but not limited to debt portfolios, automobiles, jewelry, real estate, and other assets, the value of which should be preserved during the pendency of this litigation;

WHEREAS the Court finds that, based on the record in these proceedings, the appointment of a receiver in this action is necessary and appropriate for the purposes of marshaling and preserving all assets of Defendants Kevin B. Merrill, Jay B. Ledford, Cameron R. Jezierski, Global Credit Recovery, LLC, Delmarva Capital, LLC, Rhino Capital Holdings, LLC, Rhino Capital Group, LLC, DeVille Asset Management LTD, Riverwalk Financial

Corporation (“Defendants”), and the affiliate entities of Defendants, as described below, including but not limited to funds fraudulently obtained from investors that are held by the Relief Defendants Amanda Merrill and Lalaine Ledford (collectively, the “Relief Defendants”) and any and all assets acquired, either directly or indirectly, using such funds;

WHEREAS this Court has subject matter jurisdiction over this action and personal jurisdiction over Defendants, and venue properly lies in this district;

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. This Court hereby takes exclusive jurisdiction and possession of the assets, of whatever kind and wherever situated, of the following Defendants, and the affiliate entities of Defendants, including but not limited to: Kevin B. Merrill (“Merrill”), Jay B. Ledford (“Ledford”); Cameron R. Jezierski (“Jezierski”); Global Credit Recovery, LLC; Delmarva Capital, LLC; Rhino Capital Holdings, LLC; Rhino Capital Group, LLC; DeVille Asset Management LTD; Riverwalk Financial Corporation; K.B. Merrill Associates; Financial Reclamation Group LLC; Halo Credit Solutions LLC; JBL Holdings LLC; Jay B. Ledford, P.C.; the Joseph Finance Company; Leddy Bear LTD; Ledford & Associates, PLLC; King Fischer LTD d/b/a LP Investments LTD; NLEX, Inc.; Receivables Portfolio Interchange, Inc.; Riverwalk Capital Investments, Inc.; Riverwalk Credit Solutions, Inc.; Riverwalk Debt Solutions, Inc.; Riverwalk Fixed Asset Group LLC; SCUSA Financial, Inc.; Vaquero Asset Management, Inc.; CRJ Holdings LLC; Centurion Capital Corporation; GCR CBL CP I, LLC; GCR CBL CP II, LLC; GCR CBL CP III, LLC; GCR CBL CP IV, LLC; GCR HCP Holdings 1, LLC; GCR Mercer Holdings, LLC; the J Trust; and the Kevin B. Merrill Revocable Trust (collectively, the “Receivership Parties”).

2. Until further Order of this Court, Gregory S. Milligan, of the firm Harney Management Partners, LLC, is hereby appointed to serve without bond as receiver (the “Receiver”) for the estates of the Receivership Parties.

I. Asset Freeze

3. Except as otherwise specified herein, all assets of Defendants and Receivership Parties (collectively, “Receivership Assets”) are frozen until further order of this Court. “Receivership Assets” means assets of any and every kind whatsoever, including without limitation all assets described in this Order, that are: (a) owned, controlled, or held, in whole or in part, by or for the benefit of any of the Receivership Parties; (b) in the actual or constructive possession of any of the Receivership Parties, or other individual or entity acting in concert with any of the Receivership Parties; (c) held by an agent of any of the Receivership Parties, including as a retainer for the agent’s provision of services; or (d) owned, controlled, or held, in whole or in part, by, or in the actual or constructive possession of, or otherwise held for the benefit of, any corporation, partnership, trust, or other entity directly or indirectly owned, controlled, or held, in whole or in part, by any of the Receivership Parties, including assets that have been transferred to other persons or entities but as to which assets such persons or entities do not have a legitimate claim. For the avoidance of doubt, the “Receivership Assets” include all assets owned, controlled, or held, in whole or in part by, or in the actual or constructive possession of, or otherwise held for the benefit of the J Trust and Kevin B. Merrill Revocable Trust, including the following real properties: (a) 1718 Greenspring Valley Road, Stevenson, MD 21153; (b) 9017 Grove Crest Lane, Las Vegas, NV 89134; and (c) 1650 Cedar Hill, Dallas, TX 75208. The “Receivership Assets” also include funds fraudulently obtained from investors that are held by the Relief Defendants and any and all assets acquired, either directly or indirectly, using such funds, including but not limited to: (i) 1055 Spyglass Lane, Naples, FL 34102; (ii) 27776 Sharp

Road, Easton, MD 21601; and (iii) 531 Hampton Lane, Baltimore, MD 21204. Accordingly, all persons, institutions, and entities with direct or indirect control over any Receivership Assets—other than the Receiver or law enforcement officials acting within the course and scope of their official duties—are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such Receivership Assets. This freeze shall include, but not be limited to, Receivership Assets that are on deposit with financial institutions such as banks, brokerage firms, and mutual funds, or other institutions, including but not limited to casinos.

II. General Powers and Duties of Receiver

4. Except as limited herein, the Receiver shall have all powers, authorities, rights, and privileges heretofore possessed by the officers, directors, managers, and general and limited partners of the Receivership Parties under applicable state and federal law, by the governing charters, by-laws, articles and/or agreements in addition to all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of 28 U.S.C. §§ 754, 959 and 1692, Fed. R. Civ. P. 66, and this Order, including but not limited to paragraphs 49 and 50 of this Order.

5. The trustees, directors, officers, managers, investment advisors, accountants, attorneys, and other agents of the non-individual Receivership Parties are hereby dismissed and the powers of any partners, directors, and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Parties' operations or assets, except to the extent as hereafter may be expressly granted by the Receiver. This Order, however, does not dismiss Defendants' attorneys, if any, who file an appearance in this action.

6. The Receiver shall assume and control the operation of the non-individual Receivership Parties and shall preserve all of their claims or interests using the powers set forth

in this Order. The Receiver shall not have the power to bring suits in law or in equity without further Order of this Court except as otherwise authorized in Paragraph 37 this Order. The Receiver may continue and conduct the business of the Receivership Parties in such manner, to such extent and for such duration as the Receiver may deem to be necessary or appropriate, if at all.

7. No person holding or claiming any position of any sort with any of the non-individual Receivership Parties shall possess any authority to act by or on behalf of any of the non-individual Receivership Parties, unless expressly authorized, in writing, by the Receiver.

8. Subject to the specific provisions in Sections III through XIV, below, the Receiver shall have the following general powers and duties:

- A. To use reasonable efforts to determine the nature, location, and value of all property interests of the Receivership Parties, including, but not limited to, monies, funds, securities, credits, investments, savings, options, shares, cash, currencies, checks, accounts, vehicles, boats, equipment, fixtures, effects, goods, chattels, lands, premises, leases, claims, notes, membership interests in any limited liability company, partnership interests, contracts, certificates of title, instruments, inheritances, interests in any trust, art, collectibles, furnishings, jewelry, personal effects, digital currencies, virtual currencies, cryptocurrencies, digital or electronic property, casino accounts, deposits, or chips, rights, and other assets, together with all rents, profits, dividends, interest, or other income attributable thereto, of whatever kind, which the Receivership Parties own, possess, have a beneficial interest in, or control directly or indirectly (the foregoing,

- together with all assets described in this Order collectively may be referred to as the “Receivership Assets” or the “Receivership Estate”);
- B. To take custody, control, and possession of all Receivership Assets and records relevant thereto from the Receivership Parties;
 - C. To manage, control, operate, and maintain the Receivership Estate and hold in his possession, custody, and control all Receivership Assets, pending further Order of this Court;
 - D. To use Receivership Assets for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
 - E. To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees, and agents of the Receivership Parties, except as limited by this Order;
 - F. To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders, or auctioneers;
 - G. To take such action as necessary and appropriate for the preservation of Receivership Assets or to prevent the dissipation or concealment of Receivership Assets;

- H. To the extent necessary to locate and identify assets, the Receiver is authorized to issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure;
- I. To resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estate; and,
- J. To take such other action as may be approved by this Court.

9. Unless otherwise limited by this Order, the Receiver is authorized to exercise all equitable powers under applicable law.

10. The Receiver may delegate to his agents any of the powers of the Receiver granted to him by this Order.

11. The Receiver may seek further Orders of this Court regarding standing powers of the Receiver, operations of Receivership Parties, and administration of Receivership Assets as may be deemed necessary to conserve the Receivership Assets, secure the best interests of creditors, investors, and other stakeholders of the Receivership Parties, and protect the interests of the Receiver.

III. Access to Information

12. The individual Receivership Parties and the past and/or present officers, directors, agents, managers, general and limited partners, trustees, attorneys, accountants, and employees of the non-individual Receivership Parties, as well as those acting in their place, including third party vendors storing financial and other business information, as well as email communications, are hereby ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Parties and/or all Receivership Assets; such information shall include but not be limited to books, records, documents, accounts,

all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, details of items deposited, and check registers), client lists, title documents, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, computer files, databases and other data compilations, including but not limited to records relating to debt portfolios, including but not limited to all information stored using Debtmaster software, electronically stored records and information, including any information stored by third parties (including but not limited to Intuit, Inc.), including those utilizing using cloud-based services” access codes, security codes, passwords, safe deposit keys, combinations, and all other instruments, papers, and electronic data or records of any kind or nature. This does not, however, include any documents or files of Merrill’s, Ledford’s, or Jezierski’s personal attorneys, if any, that are protected by the work-product doctrine and/or attorney-client privilege.

13. Within ten (10) days of the entry of this Order, the Receivership Parties shall file with the Court and serve upon the Receiver and the SEC a sworn statement, listing: (a) the identity, location, and estimated value of all Receivership Assets, including contact information for the party in possession of all assets of such Receivership Party, held jointly or singly, including without limitation all assets held outside the territory of the United States; (b) all employees (and job titles thereof), other personnel, attorneys, accountants, and any other agents or contractors of the Receivership Parties; and (c) the amount and nature of all liabilities of such Receivership Party, including without limitation the names, addresses, and amounts of claims of all known creditors of the Receivership Parties. Such sworn statement shall include the names, addresses, telephone numbers, facsimile numbers, and e-mail addresses of the holders of any legal, equitable, or beneficial interests in such assets and the names, addresses, telephone

numbers, facsimile numbers, and e-mail addresses of any financial institutions or other persons or entities holding such assets, along with the account numbers and balances. The sworn statements shall be accurate as of the date of this Order, shall be signed and verified as true and complete under penalty of perjury.

14. Within thirty (30) days of the entry of this Order, the Receivership Parties shall file with the Court and serve upon the Receiver and the SEC a sworn statement and accounting, with complete documentation, covering the period from January 1, 2013 to the present:

- A. Of all Receivership Assets, wherever located, held by or in the name of the Receivership Parties, or in which any of them, directly or indirectly, has or had any beneficial interest, or over which any of them maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all securities, investments, funds, real estate, automobiles, jewelry, digital assets, including but not limited to any assets contained in digital assets held at crypto-currency exchanges, and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage, or other financial institution, or any other institution, including but not limited to casinos, held by, in the name of, or for the benefit of any of them, directly or indirectly, or over which any of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which any of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage, or other financial institution;

- B. Identifying every account at every bank, brokerage, or other financial institution, including but not limited to casinos: (a) over which Receivership Parties have signatory authority; and (b) opened by, in the name of, or for the benefit of, or used by, the Receivership Parties;
- C. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by each Receivership Party, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- D. Of all assets received by any of Receivership Parties from any person or entity, including the value, location, and disposition of any assets so received;
- E. Of all funds received by the Receivership Parties, and each of them, in any way related, directly or indirectly, to the conduct alleged in the SEC's Complaint. The submission must clearly identify, among other things, all investors, the securities they purchased, the date and amount of their investments, and the current location of such funds;
- F. Of all expenditures exceeding \$1,000 made by any of Receivership Parties, including those made on their behalf by any person or entity; and
- G. Of all transfers of assets made by any of Receivership Parties.

15. Within thirty (30) days of the entry of this Order, the Receivership Parties shall provide to the Receiver and the Commission copies of the Receivership Parties' federal income tax returns for 2013 through 2017 with all relevant and necessary underlying documentation.

16. The individual Receivership Parties and the non-individual Receivership Parties' past and/or present officers, directors, agents, attorneys, managers, shareholders, employees, accountants, debtors, creditors, managers and general and limited partners, and other appropriate persons or entities shall answer all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Parties, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to the Receivership Parties. The Receiver maintains and controls the attorney-client privilege for all non-individual Receivership Parties. Nothing in this Order shall operate as or effectuate a waiver of the attorney-client privilege regarding communications between Defendants Merrill, Ledford, and Jezierski and their respective personal attorneys, if any, and such personal attorneys shall not be compelled by this Order to divulge information that would otherwise be protected by the attorney-client privilege.

17. The Receivership Parties are required to assist the Receiver in fulfilling his duties and obligations. As such, they must respond promptly and truthfully to all requests for information and documents from the Receiver. This cooperation and assistance shall include, but not be limited to: (a) providing any information or documents that the Receiver deems necessary or appropriate to the exercise of the Receiver's authority and the discharge of the Receiver's responsibilities under this Order; (b) providing any keys, including but not limited to physical, digital, and cryptographic keys, codes, device PINs, and passwords, including but not limited to account, encryption, email account, and computer passwords required to access any computer,

electronic file, or telephonic data in any medium; (c) immediately advising all persons who owe money or currency of any kind to the Receivership Parties that all debts should be paid directly to the Receiver; (d) providing full access to all Receivership Assets; and (e) maintaining and not wasting, damaging, disposing of, or transferring in any manner any Receivership Assets.

IV. Access to Books, Records, and Accounts

18. The Receiver is authorized to take immediate possession of all assets, bank accounts or other financial accounts, books, and records and all other documents or instruments relating to the Receivership Parties. All persons and entities having control, custody, or possession of any Receivership Assets are hereby directed to turn such property, including but not limited to all accounts, over to the Receiver.

19. The Receivership Parties, as well as their agents, servants, employees, attorneys, any persons acting for or on behalf of the Receivership Parties, including third party vendors of the Receivership Parties, and any persons receiving notice of this Order by personal service, facsimile transmission, or otherwise, having possession of the property, business, books, records, accounts, or assets of the Receivership Parties are hereby directed to deliver the same to the Receiver, his agents, and/or employees.

20. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody, or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, the Receivership Parties that receive actual notice of this Order by personal service, facsimile transmission, or otherwise shall:

- A. Not liquidate, transfer, sell, convey, or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of the Receivership Parties except upon instructions from the Receiver;

- B. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court;
- C. Within five (5) business days of receipt of that notice, file with the Court and serve on the Receiver and counsel for the SEC a certified statement setting forth, with respect to each such account or other asset, the balance in the account or description of the assets as of the close of business on the date of receipt of the notice; and,
- D. Cooperate expeditiously in providing information and transferring funds, assets, and accounts to the Receiver or at the direction of the Receiver.

V. Access to Real and Personal Property

21. The Receiver is authorized but not directed to take immediate possession of all personal property Receivership Assets, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies, and equipment.

22. The Receiver is authorized but not directed to take immediate possession of all real property Receivership Assets, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission, or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything

from such premises; or, (c) destroying, concealing, or erasing anything on such premises.

Notwithstanding the foregoing, the individual Receivership Parties, or any of their respective family members, shall be permitted to continue residing in their respective primary places of residence, until further notice by the Receiver.

23. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to the premises described above. The Receivership Parties, all other persons in possession or control of Receivership Assets, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

24. The Receiver is authorized to open all mail, other than mail directed to the spouses of individual Defendants, directed to or received by or at the offices or post office boxes of the Receivership Parties, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of this Order.

25. Upon the request of the Receiver, the United States Marshal Service, in any judicial district, is hereby ordered to assist the Receiver in carrying out his duties to take possession, custody and control of, or identify the location of, any assets, records, or other materials belonging to the Receivership Estate. In addition, the Receiver is authorized to request similar assistance from any other federal, state, county, or civil law enforcement officer(s) or constable(s) of any jurisdiction.

VI. Notice to Third Parties

26. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, creditors, debtors, managers, and general and limited

partners of the Receivership Parties, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

27. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest to any Receivership Defendant shall, until further ordered by this Court, pay all such obligations in accordance with the terms thereof to the Receiver, and its receipt for such payments shall have the same force and effect as if the Receivership Defendant had received such payment.

28. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity, or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estate. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver or the SEC.

29. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations, or activities of any of the Receivership Parties (the "Receiver's Mail"), including all mail addressed to, or for the benefit of, the Receivership Parties. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. The Receivership Parties shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when received, to the Receiver. All personal mail of any individual Receivership Parties, mail addressed to any individual Receivership Defendant's spouse, and/or any mail appearing to contain privileged information, and/or any mail not falling within the mandate of the Receiver,

shall be released to the named addressee or addressee's attorney by the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented, or used by the Receivership Parties. The Receivership Parties shall not open a new mailbox, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository, or courier service.

30. Subject to payment for services provided, any entity furnishing water, electric, telephone, sewage, garbage, or trash removal services to the Receivership Parties shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

VII. Injunction Against Interference with Receiver

31. The Receivership Parties, other persons in possession or control of Receivership Assets, and all persons, other than law enforcement officials acting within the course and scope of their official duties, receiving notice of this Order by personal service, facsimile, or otherwise, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- A. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Assets; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Assets;

- B. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying, or altering records or information;
- C. Dissipate or otherwise diminish the value of any Receivership Assets; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Assets, enforcing judgments, assessments, or claims against any Receivership Assets or any Receivership Defendant, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by any Receivership Defendant or which otherwise affects any Receivership Assets; or,
- D. Transact any of the business of the Receivership Parties or transfer any Receivership Assets to anyone other than the Receiver;
- E. Destroy, secret, deface, transfer, delete, or otherwise alter or dispose of any documents of or pertaining to the Receivership Parties or the Receivership Assets and to the extent any such documents are no longer in existence, fail to disclose the nature and contents of such documents and how, when, and by whom such documents were caused to no longer be in existence;
- F. Fail to notify the Receiver of any Receivership Assets, including accounts constituting Receivership Assets held in any name other than the name of a Receivership Defendant, or by any person other than the Receivership

Parties, or fail to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such Receivership Assets;

- G. Refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their powers, duties, or authority under any order of this Court; or
- H. Interfere with or harass the Receiver, or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estate.

32. The Receivership Parties shall cooperate with and assist the Receiver in the performance of his duties.

33. The Receiver shall promptly notify the Court and SEC counsel of any failure or apparent failure of any person or entity to comply in any way with the terms of this Order.

VIII. Stay of Litigation

34. As set forth in detail below, the following proceedings, excluding the instant proceeding, all police or regulatory actions, and actions of the SEC related to the above-captioned enforcement action, are stayed upon entry of this Order and until further Order of this Court: All civil legal proceedings of any nature, including, but not limited to, bankruptcy proceedings, arbitration proceedings, foreclosure actions, default proceedings, or other actions of any nature involving: (a) the Receiver, in his capacity as Receiver; (b) any Receivership Assets, wherever located; (c) any of the Receivership Parties, including subsidiaries and partnerships; or, (d) any of the Receivership Parties' past or present officers, directors, managers, agents, or general or limited partners sued for, or in connection with, any action taken by them while acting in such capacity of any nature, whether as plaintiff, defendant, third-party plaintiff, third-party

defendant, or otherwise (such proceedings are hereinafter referred to as “Ancillary Proceedings”).

35. The parties to any and all Ancillary Proceedings are enjoined from commencing or continuing any such legal proceeding, or from taking any action, in connection with any such proceeding, including, but not limited to, the issuance or employment of process. All counterparties to agreements and contracts entered into with the Receivership Parties are enjoined from unilaterally terminating such agreements or contracts without order of this Court.

36. All Ancillary Proceedings not subject to Paragraph 37 below are stayed in their entirety, and all Courts having any jurisdiction thereof are enjoined from taking or permitting any action until further Order of this Court. Further, as to a cause of action accrued or accruing in favor of one or more of the Receivership Parties against a third person or party, or as to any and all claims or causes of action under applicable law that have accrued or are accruing regarding transfers and transactions of fraudulently obtained investor funds (or proceeds thereof) to third parties, any applicable statute of limitation is tolled during the period in which this injunction against commencement of legal proceedings is in effect as to that cause of action.

37. The Court modifies the above-described stay in part and amends this Order to allow the Receiver to continue, in his discretion, the consumer debt collection business of the Receivership Parties under those contracts and agreements that existed on date of the entry of the Order Appointing Temporary Receiver. Specifically, the Court modifies the above-described stay in part and amends this Order to allow the Receiver to file, maintain, and prosecute consumer debt collection civil proceedings in the name of DeVille Asset Management Ltd. and any other Receivership Party pursuant to their service agreements with collection litigation firms, including AACANet, Inc. d/b/a American Alliance of Creditor Attorneys, DRB Financial

Solutions, LLC, Persolve, Series 2, d/b/a Account Resolution Associates, and such other similar entities. The stay is modified to cover all such agreements that the Receiver decides to continue as part of his duties under the Receivership Order.

IX. Managing Assets

38. The Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Assets (the “Receivership Funds”).

39. The Receiver’s deposit account shall be entitled “Receiver’s Account, Estate of [Name of Receivership Defendant]” together with the name of the action, or a title to that effect.

40. Without further Order of this Court, the Receiver may not liquidate or otherwise dispose of Receivership Assets, including real estate, other than in the ordinary course of business.

41. The Receiver is authorized to use the Receivership Assets and proceeds thereof to pay debts and expenses of Receivership Parties that (i) have accrued prior to or during the receivership and (ii) in the sole discretion of the receiver are essential or necessary to the operations of the non-individual Receivership Parties.

42. The Receiver’s duties shall include, using reasonable efforts, identifying, marshaling, taking custody of, and preserving the value of the Receivership Assets. Without further Order of this Court, the Receiver’s duties shall not include a forensic investigation to identify claimants on or creditors of Receivership Assets or any determination of amounts owed to such parties. Defendants Merrill, Ledford, and Jezierski shall retain responsibility, and the Receiver shall assume no responsibility, for preparing and filing their respective personal income tax returns.

43. Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estate.

44. The Receiver is authorized to take all actions to manage or maintain business operations of the Receivership Estate, including making payments to creditors, employees, and agents of the Receivership Estate and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

45. The Receiver shall take all necessary steps to enable the Receivership Funds to obtain and maintain the status of a taxable "Settlement Fund," within the meaning of Section 468B of the Internal Revenue Code and of the regulations, when applicable.

X. Bankruptcy Filing

46. The Receiver may seek an Order of this Court authorizing the Receiver to file voluntary petitions for relief under Title 11 of the United States Code (the "Bankruptcy Code") for the Receivership Parties, or any of them. If a Receivership Defendant is placed in bankruptcy proceedings, the Receiver may become, and may be empowered to operate each of the Receivership Estate as, a debtor in possession. In such a situation, the Receiver shall have all of the powers and duties as provided a debtor in possession under the Bankruptcy Code to the exclusion of any other person or entity. Pursuant to Paragraph 4 above, the Receiver is vested with management authority for all non-individual Receivership Parties and may therefore file and manage a Chapter 11 petition.

47. The provisions of Section VIII above bar any person or entity, other than the Receiver, from placing any of the Receivership Parties in bankruptcy proceedings.

XI. Liability of Receiver

48. Until further Order of this Court, the Receiver shall not be required to post bond or give an undertaking of any type in connection with his fiduciary obligations in this matter.

49. The Receiver may choose, engage and employ attorneys, accountants, appraisers, and any other independent contractors and technical specialists, including, but not limited to, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, property managers, brokers, traders, and auctioneers (collectively, "Retained Personnel") as the Receiver deems advisable or necessary in the performance of the Receiver's duties and responsibilities under the authority granted by this Order. The Receiver and his Retained Personnel, acting within scope of such agency, are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be liable to anyone for their own good faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good faith compliance with their duties and responsibilities as Receiver or Retained Personnel, including compliance with applicable law governing the collection of debt, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by this Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties.

50. This Court shall retain exclusive jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions alleged to have been committed in their representative capacities.

51. In the event the Receiver decides to resign, the Receiver shall first give written notice to the SEC's counsel of record and the Court of its intention, and the resignation shall not

be effective until the Court appoints a successor. The Receiver shall then follow such instructions as the Court may provide.

52. The Receiver shall not be personally liable for any liabilities that have accrued or will accrue to the Receivership Estate or the Receivership Parties.

XII. Insurance

53. Given the urgency to appoint a Receiver, the Court recognizes that the Receiver accepts this appointment without time for independent verification that appropriate insurance is in place on the property or that appropriate liability or other insurance is in place to protect the Receivership Assets and the Receivership Estate. Accordingly, the Court acknowledges that the Receiver has no responsibility or liability until such time as he can confirm that such insurance is in place or acquire the appropriate insurance. The Receiver shall make it a priority to verify or obtain insurance coverage immediately upon this Order Appointing Receiver being entered; however, the SEC, Receivership Parties, and Court acknowledge there may be a gap of time before such insurance may be in place to properly protect the assets of the estate and any employees of the estate, and that the Receiver has no responsibility or liability until such time as he/it has notified the Court by filing a notice that insurance is in place.

54. Defendants Merrill, Ledford, and Jezierski and Relief Defendants Amanda Merrill and Lalaine Ledford are ordered to immediately provide the Receiver with all available insurance information for both existing and prior insurance policies. This includes all applications, policies, riders, correspondence, endorsements, claims and other information. Merrill, Ledford, and Jezierski are ordered: (1) to advise the insurance agent(s) of this Order in writing, (2) designate all authority over the policies to the Receiver, and (3) take no action with regard to terminating or modifying existing insurance policies.

55. Any insurance broker, agent, carrier, or underwriter is specifically ordered by the Court to cooperate with the Receiver by timely furnishing the following: (1) copies of all insurance policies including any riders, endorsements and applications with respect to policies related to the Receivership Estate, (2) loss history for five consecutive years or for as long as insurance has been in force if less than five years, (3) premium payment history including current status, and (4) any correspondence with insurance agents, brokers and companies. Policies shall be endorsed by the Defendants naming the Receiver as Named Insured and Loss Payee effective the date of this Order as appropriate to the type of coverage, and evidence of this policy endorsement shall be promptly supplied to the Receiver.

56. The Receiver is hereby authorized to engage insurance brokers and consultants as necessary to properly insure the Receivership Assets.

XIII. Recommendations and Reports

57. The Receiver is authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient preservation of assets during the pendency of this litigation (the "Preservation Plan").

58. Within 60 days of the entry date of this Order the Receiver shall file the Preservation Plan in the above-captioned action, with service copies to counsel of record, to allow the Court to evaluate the best course of action for the preservation of assets.

59. Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the existence, value, and location of all Receivership Assets, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estate. The first Quarterly Status Report shall be filed and

served on or before January 30, 2019, to cover the period from September 13, 2018 through December 31, 2018.

60. The Quarterly Status Report shall contain the following:
 - A. A summary of the operations of the Receiver;
 - B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
 - C. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
 - D. A description of all known Receivership Assets, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
 - E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments)
 - F. A list of all known creditors with their addresses and the amounts of their claims;
 - G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and,

H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

61. On the request of the SEC, the Receiver shall provide the SEC with any documentation that the SEC deems necessary to meet its reporting requirements, that is mandated by statute or Congress, or that is otherwise necessary to further the SEC's mission.

XIV. Fees, Expenses, and Accountings

62. Subject to Paragraphs 63-69 immediately below, the Receiver need not obtain Court approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the receivership. Further, prior Court approval is not required for payments of applicable federal, state, or local taxes.

63. Subject to Paragraph 64 immediately below, the Receiver is authorized to solicit persons and entities ("Retained Personnel") to assist him in carrying out the duties and responsibilities described in this Order. With the exception of the retention of counsel to represent him in this matter, the Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

64. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estate as described in the "Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission" (the "Billing Instructions") agreed to by the Receiver. Such compensation shall require the prior approval of the Court.

65. Throughout the pendency of the receivership, the Receiver and Retained Personnel shall apply to the Court for compensation and expense reimbursement from the Receivership Estates (the "Interim Fee Applications"). Interim Fee Applications are to be filed

by the Receiver and Retained Personnel no more frequently than every 60 days. At least thirty (30) days prior to filing each Interim Fee Application with the Court, the Receiver will serve upon counsel for the SEC a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

66. All Interim Fee Applications will be interim and will be subject to cost benefit and final reviews at the close of the receivership. At the close of the receivership, the Receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the receivership.

67. Interim Fee Applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.

68. Each Interim Fee Application shall:

- A. Comply with the terms of the Billing Instructions agreed to by the Receiver; and,
- B. Contain representations (in addition to the Certification required by the Billing Instructions) that: (i) the fees and expenses included therein were incurred in the best interests of the Receivership Estate; and, (ii) with the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

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69. At the close of the Receivership, the Receiver shall submit a Final Accounting, in a format to be provided by SEC staff, as well as the Receiver's final application for compensation and expense reimbursement.

70. All such fees and expenses of the Receiver, including all amounts due to the Receiver or his counsel, shall be accorded priority to the maximum extent provided by applicable law.

IT IS SO ORDERED, this 27th day of NOVEMBER, 2018, at Baltimore, Maryland.


UNITED STATES DISTRICT JUDGE

EXHIBIT B

**BILLING INSTRUCTIONS FOR RECEIVERS IN CIVIL ACTIONS
COMMENCED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION**

Except where inconsistent with guidelines established by the applicable district or circuit court, the undersigned hereby represents that, if appointed receiver in a civil action commenced by the U.S. Securities and Exchange Commission (the "SEC" or the "Commission"), each application for professional fees and expenses (the "Application") submitted by the receiver, including all contractors and/or professionals retained by the receiver, will comply with these billing instructions (the "Billing Instructions"). Undersigned further represents that any deviation from the Billing Instructions will be described in writing and submitted to the SEC at least 30 days prior to the filing of the Application with the Receivership Court. Following its receipt and review of proposed applications, as described in section A.2 below, the SEC may object to deviations and charges with which it does not agree.

Undersigned acknowledges that all applications for compensation are interim and are subject to a cost benefit review and final review at the close of the receivership. At the close of the receivership, the receiver will file a final fee application, describing in detail the costs and benefits associated with all litigation and other actions pursued by the receiver during the course of the receivership.

Undersigned acknowledges that, to the extent requested by the SEC, interim fee applications may be subject to a holdback in the amount of 20% of the amount of fees and expenses for each application filed with the Court. The total amounts held back during the course of the receivership will be paid out at the discretion of the court as part of the final fee application submitted at the close of the receivership.

A. CERTIFICATION

1. Each Application must contain a Certification by the Applicant that:
 - (a) the Certifying Professional has read the Application;
 - (b) to the best of the Applicant's knowledge, information and belief formed after reasonable inquiry, the Application and all fees and expenses therein are true and accurate and comply with the Billing Instructions (with any exceptions specifically noted in the Certification and described in the Application);
 - (c) all fees contained in the Application are based on the rates listed in the Applicant's fee schedule attached hereto and such fees are reasonable, necessary and commensurate with the skill and experience required for the activity performed;
 - (d) the Applicant has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth herein for photocopies and facsimile transmission); and,
 - (e) in seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party (such as copying, imaging, bulk mail, messenger service, overnight courier, computerized research, or title and lien searches), the Applicant requests reimbursement only for the amount billed to the Applicant by the third-party vendor and paid by the Applicant to such vendor. If such services are performed by the receiver, the receiver will certify that it is not making a profit on such reimbursable service.

2. At least 30 days prior to the filing of the Application with the Court, the Applicant will provide to SEC Counsel a complete copy of the proposed Application, together with all exhibits and relevant billing information in a format to be provided by SEC staff.

B. ATTENDANCE AT HEARING ON APPLICATION

The Receiver or other Certifying Professional shall be present at any hearing to

consider the Application.

C. CONTENT OF APPLICATION

The following information must be provided in the Application:

1. Information about the Applicant and the Application.
 - (a) the time period covered by the Application;
 - (b) the date the receiver was appointed, the date of the order approving employment of the Applicant, and the date services commenced;
 - (c) the names and hourly rates of all Applicant's professionals and paraprofessionals (the "Fee Schedule"); and,
 - (d) whether the Application is interim or final, and the dates of previous orders on interim Applications along with amounts requested and the amounts allowed or disallowed, all amounts of previous payments, and amount of any allowed Applications which remain unpaid.

2. Case Status (Narrative).
 - (a) The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
 - (b) Summary of the administration of the case, including all funds received and disbursed, and when the case is expected to close;
 - (c) Summary of creditor claims proceedings, including a description of established or anticipated procedures for: (i) providing notice to known and unknown claimants; (ii) receipt and review of claims; (iii) making recommendations to court for payment or denial of claims; and, (iv) final disposition of claims. This summary should also include the status of such claims proceedings after they have been commenced;
 - (d) Description of assets in the receivership estate, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended; and,

- (e) Description of liquidated and unliquidated claims held by the receiver, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and, (ii) collecting such judgments).

3. Current and Previous Billings.

- (a) Total compensation and expenses requested and any amount(s) previously requested;
- (b) Total compensation and expenses previously awarded by the court; and,
- (c) Total hours billed and total amount of billing for each person who billed time during the period for which fees are requested.

4. Standardized Fund Accounting Report.

The SEC's Standardized Fund Accounting Report ("SFAR") submitted by the Receiver for the most recent quarter shall be attached to any fee application as "Exhibit A".

D. TIME RECORDS REQUIRED TO SUPPORT FEE APPLICATIONS

1. Each professional and paraprofessional must record time in increments of tenths of an hour, and must keep contemporaneous time records on a daily basis.

2. Time records must set forth in reasonable detail an appropriate narrative description of the services rendered. Without limiting the foregoing, the description should include indications of the participants in, as well as the scope, identification and purpose of the activity that is reasonable in the circumstances.

3. The Application should separately describe each business enterprise or litigation matter (i.e., "Project") for which outside professionals have been employed. For example, separate litigation matters should be set out individually in the Application as

individual Projects and each such Project should contain Activity Categories as described in Sections D.4 and D.5 below. Each Project Category should contain a narrative summary of the following information:

- (a) a description of the project, its necessity and benefit to the estate and the status of the project including pending litigation for which compensation and/or reimbursement of expenses is requested;
- (b) identification of each person providing services on the project; and
- (c) a statement of the number of hours spent and the amount of compensation requested by professionals and paraprofessionals on the project.

4. In recording time, each professional and paraprofessional may, subject to Section D.5 immediately below, describe in one entry the nature of the services rendered during that day and the aggregate time expended for that day in an “Activity Category” (as described in section D.5.a and D.5.b, below) without delineating the actual time spent on each discrete activity in an Activity Category, provided, however, single time entries of more than one hour in an Activity Category that include two or more activities must include a notation of the approximate time spent on each activity within the Activity Category.

5. Time records shall be in chronological order by Activity Category. Only one category should be used for any given activity and professionals and paraprofessionals should make their best effort to be consistent in their use of categories. This applies both within and across firms. Thus, it may be appropriate for all professionals to discuss the categories in advance and agree generally on how activities will be categorized. Every effort should be made to use the listed categories in the first instance and to coordinate the use of additional categories with other professionals in the case. Notwithstanding the above, all categories must correspond with the SEC’s SFAR. The

time information reflected on the Application shall also be supplied to the SEC Counsel in an electronic format as directed by SEC staff.

(a) Legal Activities. The following categories are generally more applicable to attorneys but may be used by all professionals where appropriate.

ASSET ANALYSIS AND RECOVERY. Identification and review of potential assets including causes of action and non-litigation recoveries.

ASSET DISPOSITION. Sales, leases, abandonment and related transaction work. Where extended series of sales or other disposition of assets is contemplated, a separate category should be established for each major transaction.

BUSINESS OPERATIONS. Issues related to operation of an ongoing business.

CASE ADMINISTRATION. Coordination and compliance activities, including preparation of reports to the court, investor inquiries, etc.

CLAIMS ADMINISTRATION AND OBJECTIONS. Expenses in formulating, gaining approval of and administering any claims procedure.

EMPLOYEE BENEFITS/PENSIONS. Review issues such as severance, retention, 401K coverage and continuance of pension plan.

(b) Financial Activities. The following categories are generally more applicable to accountants and financial advisors, but may be used by all professionals where appropriate.

ACCOUNTING/AUDITING. Activities related to maintaining and auditing books of account, preparation of financial statements and account analysis.

BUSINESS ANALYSIS. Preparation and review of company business plan; development and review of strategies; preparation and review of cash flow forecasts and feasibility studies.

CORPORATE FINANCE. Review financial aspects of potential mergers, acquisitions and disposition of company or subsidiaries.

DATA ANALYSIS. Management information systems review, installation and

analysis, construction, maintenance and reporting of significant case financial data, lease rejection, claims, etc.

STATUS REPORTS. Preparation and review of periodic reports as may be required by the court.

LITIGATION CONSULTING. Providing consulting and expert witness services relating to forensic accounting; etc.

FORENSIC ACCOUNTING. Reconstructing books and records from past transactions and bringing accounting current; tracing and sourcing assets.

TAX ISSUES. Analysis of tax issues and preparation of state and federal tax returns.

VALUATION. Appraise or review appraisals of assets.

E. PAYMENT OF FEES AND EXPENSES

1. Presentation of Fees and Expenses in Application.

- (a) All fees and expenses must be necessary and reasonable; excessive charges will not be paid. To the extent that an Applicant seeks reimbursement of expenses, the Application shall include a categorization of such expenses along with an exhibit summarizing the total expenses for the period covered by the Application.
- (b) Charges for litigation will be paid only if the litigation is reasonably likely to produce a net economic benefit to the estate. With respect to each litigation matter, the Applicant shall certify that the Applicant determined that the action was likely to produce a net economic benefit to the estate, based on reviews of: (i) the legal theories upon which the action was based, including issues of standing; (ii) the likelihood of collection on any judgment which might be obtained; and, (iii) alternative methods of seeking the relief, such as the retention of counsel on a contingency basis. Retention of counsel on a contingency fee basis should be pursued where the Receiver (after consulting with SEC Counsel) concludes that retention of counsel under the approved fee schedule would produce a lesser economic benefit to the receivership estate. The receiver should memorialize these cost-benefit analyses, through communications with the receiver's counsel, as support for the engagement of such counsel.
- (c) Invoices and/or bills for each expense item for which reimbursement

is sought must be kept for seven (7) years after the close of the receivership. Such support shall be provided on request to the court and the SEC, and in appropriate circumstances to any party in interest provided that, where applicable, privilege or confidentiality can be preserved.

- (d) Time spent preparing fee applications, or any documentation in support thereof, may not be charged to the receivership estate.

2. Allowable and Non-Allowable Reimbursable Expenses.

- (a) Filing Fees Process Service Fees, Witness Fees and Expert Witness Fees.

Filing fees (including for necessary adversaries), process service fees, witness fees, and expert witness fees (subject to court approval of the employment of any professionals and the reasonableness of such fees) shall be allowable to the extent of the actual cost incurred by the Applicant.

- (b) Court Reporter Fees and Transcripts.

Court reporter fees and copies of transcripts shall be allowable to the extent of the actual cost incurred by the Applicant.

- (c) Lien and Title Searches.

The cost for lien and title searches (whether done in-house or by an outside vendor) is allowable to the extent of the actual cost incurred by, or invoiced to, the Applicant.

- (d) Photocopying.

Photocopying shall be allowable at a cost not to exceed \$.15 per page. The Applicant shall set forth in its fee application the total number of copies. Outside vendor photocopying charges are allowable at the actual cost invoiced to the Applicant. Necessary copies obtained from the Clerk of the Court (including certified copies) or from the approved court copy service will be permitted at the actual cost incurred by the Applicant.

The Applicant shall not reflect on the Application any copies for which the Applicant has been, or expects to be, reimbursed (eg., payment from an opposing party for document production from which the Applicant has been reimbursed).

(e) Postage, Overnight Delivered Courier/Messenger Services.

The cost of postage, overnight delivery, and outside courier/messenger services are reimbursable for the actual cost incurred, if reasonably incurred. Charges should be minimized whenever possible. For example, couriers/messengers and overnight delivery service should be used only when first-class mail is impracticable.

(f) Telephone.

Long distance telephone charges are allowable to the Applicant for the actual cost invoiced from the telephone carrier. Charges for local telephone exchange service and cellular telephone service shall not be reimbursable.

(g) Facsimile Transmission.

A charge for outgoing facsimile transmission to long distance telephone numbers are reimbursable at the lower of (a) toll charges or (b) if such amount is not readily determinable, \$1.00 per page for domestic and \$2.00 per page for international transmissions. Charges for in-coming facsimiles are not reimbursable. The Application shall state the total number of pages of the outgoing transmissions.

(h) Computerized Research.

Computerized legal research services such as Lexis and Westlaw are reimbursable to the extent of the invoiced cost from the vendor, however if such service is provided on a monthly or other periodic rate, proportional usage shall not be reimbursable.

(i) Parking.

Reimbursement for parking is allowable, including parking by a professional to attend court proceedings, depositions or case conferences, parking at the airport, and client and third party parking (including validation).

(j) Travel Expenses and Meals.

Local travel time and related expenses for destinations within a twenty (20) mile radius of the Applicant's office including mileage, taxis, etc. and meals (including staff meals) will not be reimbursed. Mileage charges for out-of-town travel (outside a twenty (20) mile radius of the Applicant's office) with one's own car are reimbursable at the lesser of the amount customarily charged clients or the amount allowed by the Internal Revenue Service for per mile deductions. For purposes of the foregoing, the Applicant's office shall be the office in which the person incurring the travel expense is located.

Long distance travel time outside a twenty (20) mile radius of the Applicant's office is reimbursable at 50% of the Applicant's regular billing rate. The reimbursement of long distance travel expenses is subject to the following limitations: (1) the Applicant shall seek and use the lowest airfare or train fare available to Applicant; (2) luxury accommodations and deluxe meals are not reimbursable; (3) personal, incidental charges such as telephone and laundry are not reimbursable unless necessary as a result of a reasonably unforeseen extended stay not due to the fault of the traveler; and (4) each out-of-pocket travel and allowable miscellaneous administrative expense exceeding \$75 requires a receipt that is to be attached to the invoice.

(k) Word Processing, Document Preparation, Data Processing, Proofreading, Secretarial and Other Staff Services.

Secretarial, library, word processing, document preparation (other than by professionals or paraprofessionals), data processing, and other staff services (exclusive of paraprofessional services), including overtime for the foregoing, are not reimbursable. Charges for proofreading for typographical or similar errors are not reimbursable whether the services are performed by a paralegal, secretary, or temporary staff.

(l) Communications with Investors.

Where appropriate, the estate should promptly create a website, and update the website as appropriate, to provide information as to the activities and condition of the estate to investors. In addition, any necessary basic communications with investors should be handled by clerical or paralegal staff (or comparatively paid staff) to the extent possible. Expenses stemming from a failure to comply with this policy will not be submitted.

Candidate for Appointment as Receiver in
Civil Action Commenced by the
U.S. Securities and Exchange Commission

Date: _____

[Printed Name]
[Address 1]
[Address 2]
[Address 3]
[E-Mail Address]
[Phone Number]
[Fax Number]

EXHIBIT A

RECEIVER NAME
ADDRESS
CONTACT NUMBER

STANDARDIZED FUND ACCOUNTING REPORT

CIVIL – RECEIVERSHIP FUND

FUND NAME
CIVIL COURT DOCKET No.

REPORTING PERIOD MM/DD/YYYY TO MM/DD/YYYY
OR
FINAL REPORT DATED MM/DD/YYYY

REPORT INSTRUCTIONS

The Standardized Fund Accounting Report (SFAR) should be prepared for the reporting period on a cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. In cash basis accounting, revenues are recorded only when cash is received and expenses are recorded only when cash is paid. Cash basis accounting does not recognize promises to pay or expectations to receive money or services in the future. For all income and expenses, provide documentation evidencing the income received or expense incurred. Business income or assets that are not cash should be reported in the notes with documentation of their current fair market value. For cash and cash equivalents, provide the latest bank and/or investment records to the SEC. Do not file any of the above documentation with the court unless ordered.

Line 1 – Beginning Balance: Balance of the Fund at the beginning of the reporting period. The beginning balance may not necessarily include all amounts received in the Fund since inception unless this is the first SFAR filed.

Line 2 – Business Income: Amounts received by the Fund from operational income of the business assets, or other business sources.

Line 3 – Cash and Cash Equivalents: Include the value of bank and/or brokerage/security accounts as of the reporting period end date. Cash includes coins, currency, checks, money orders, and funds on deposit with a financial institution. Securities include U.S. government securities, municipal securities, corporate stocks, corporate bonds, and securitized debt instruments.

Line 4 – Interest/Dividend Income: Interest and/or dividends earned by the Fund from investments and other personal assets during the reporting period.

Line 5 – Business Asset Liquidation: Amounts received by the Fund as a result of selling or disposing of the assets of the business in receivership. This is separate from the income generated by the asset and reported in Line 2.

Line 6 – Personal Asset Liquidation: Amounts received by the Fund as a result of selling or disposing of the personal assets of individuals.

Line 7 – Third-Party Litigation Income: Amounts received by the Fund pursuant to third-party litigation. This should not be included in the income reported in Line 2.

Line 8 – Miscellaneous - Other: Amounts received from, an identified payor.

Line 9 – Disbursements to Investors: Amounts distributed from the Fund to harmed investors/claimants.

Line 10 – Disbursements for Receivership Operations:

Line 10a – Disbursements to Receiver or Other Professionals: Amounts paid from the Fund (both fees and costs, including travel) for Receiver services and contractual services by accountants, bookkeepers, stock brokers, realty brokers, appraisers, agents, trustees, investigators, not related to expenses under Line 10b.

Line 10b – Business Asset and Operating Expenses: Amounts paid from the Fund for the business property assets' maintenance and business operating expenses, taxes,

professional fees, liquidation expenses, administrative services, appraisals and valuation expenses, payment to participant, moving/storage, office furniture and equipment, delivery services, resident agent, copying costs, asset protection costs, etc. These expenses are separate and distinct from those in Line 10a.

Line 10c – Personal Asset Expenses: Amounts paid from the Fund for the personal property assets' maintenance and operating expenses, taxes, professional fees, liquidation expenses, administrative services, appraisals and valuation costs, payment to participant, moving/storage, office furniture and equipment, delivery services, resident agent, copying costs, asset protection costs, etc. These expenses are separate and distinct from those in Line 10a.

Line 10d – Investment Expenses: Amounts paid from the Fund for banking fees, Court Registry Investment System (CRIS) fees, mandated or economically necessary continuing investments, and other investment related costs.

Line 10e – Third-Party Litigation Expenses: Amounts paid from the Fund for attorney fees related to receivership operations and litigation expenses to recover assets to the receivership estate, including outside counsel fees and costs, travel costs, investigative services, filing fees, process servers, court reporters for depositions, etc.

Line 10f – Tax Administrator Fees and Bonds: Amounts paid to the Fund's tax administrator for services and/or fiduciary bonds.

Line 10g – Federal and State Tax Expenses: Amounts paid in federal and state taxes.

Line 11 – Disbursements for Distribution Expenses Paid by the Fund: This line reflects amounts paid from the Fund to administer the plan and should not include amounts reported per Line 14 below. For any disbursement claimed, you must provide the documentation evidencing the expense.

11a – Distribution Plan Development Expenses: All expenses related to the development of a plan of distribution which precede the order approving such plan. Include in Administrative Expenses items such as information technology services, mailing, postage, photocopying, etc.

11b – Distribution Plan Implementation Expenses: All expenses related to the implementation of a plan of distribution which occur following the order approving such plan. Include in Administrative Expenses items such as information technology services, mailing, postage, photocopying, etc.

Line 12 – Disbursements to Court/Other: Amounts paid from the Fund for

12a – Court Registry Investment System (CRIS) or other banking fees related to the Fund.

12b – federal income taxes.

Line 13 – Ending Balance: Compute as Total Funds Available less Total Funds Disbursed.

Line 14 – Ending Balance of Fund – Net Assets: Describe the structure of the Fund's ending balance (basis of the Fund's net assets):

14a – Cash & Cash Equivalents: Amount of the Fund consisting of cash and currency.

14b – Investments: Amount of the Fund that is invested.

14c – Other Assets or Uncleared Funds: Amount of other assets or funds that have not cleared a financial institution.

OTHER SUPPLEMENTAL INFORMATION

Line 15 – Disbursements for Plan Administration Expenses Not Paid by the Fund: This line reflects amounts paid by the defendant or other party to administer the plan and should not include amounts paid from the Fund assets as reported in Line 11.

15a – Plan Development Expenses Not Paid by the Fund: All expenses related to the development of a plan of distribution which precede the order approving such plan. Include in Administrative Expenses items such as information technology services, mailing, postage, photocopying, etc.

15b – Plan Implementation Expenses Not Paid by the Fund: All expenses related to the implementation of a plan of distribution which occur following the order approving such plan. Include in Administrative Expenses items such as information technology services, mailing, postage, photocopying, etc.

15c – Tax Administrator Fees & Bonds Not Paid by the Fund: Amounts paid to the Fund's tax administrator for services and/or fiduciary bonds.

Line 16 – Disbursements to Court/Other Not Paid by the Fund: Amounts not paid from the Fund for

16a – Court Registry Investment System (CRIS) or other banking fees related to the Fund.

16b – federal income taxes.

Line 17 – DC & State Tax Payments: Taxes paid by a third party which are paid to the DC government or state tax authority.

Line 18 – No. of Claims: This should reflect

18a – the number of claims received from investors during this reporting period.

18b – the number of claims received from investors as a result of all orders since the inception of the Fund.

Line 19 – No. of Claimants/Investors: This should reflect

19a – the number of claimants/investors receiving distributions during this reporting period.

19b – the number of claimant/investors receiving distributions pursuant to all orders of distribution since the inception of the Fund.

STANDARDIZED FUND ACCOUNTING REPORT for {Name of Fund} - Cash Basis

Receivership; Civil Court Docket No.

Reporting Period MM/DD/YYYY to MM/DD/YYYY or Final Report Dated MM/DD/YYYY

FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of MM/DD/YYYY):			
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income			
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income			
Line 8	Miscellaneous - Other			
	Total Funds Available (Lines 1 - 8):			
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals			
Line 10b	Business Asset Expenses			
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations			
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11):			
Line 13	Ending Balance (As of MM/DD/YYYY):			

STANDARDIZED FUND ACCOUNTING REPORT for {Name of Fund} - Cash Basis

Receivership; Civil Court Docket No.

Reporting Period MM/DD/YYYY to MM/DD/YYYY or Final Report Dated MM/DD/YYYY

Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Cash & Cash Equivalents			
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund – Net Assets			
OTHER SUPPLEMENTAL INFORMATION:				
		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund			
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....			
	Claimant Identification.....			
	Claims Processing.....			
	Web Site Maintenance/Call Center.....			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. FAIR Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund			
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund:			
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period.....			
Line 18b	# of Claims Received Since Inception of Fund.....			
Line 19	No. of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period.....			
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....			

Receiver:

By: _____
(signature)

(printed name)

(title)

Date: _____

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
NORTHERN DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
)
v.)
)
KEVIN B. MERRILL, et al.,)
)
Defendants.)

Case No.: 1:18-cv-02844-RDB

**DECLARATION OF GREGORY S. MILLIGAN IN SUPPORT OF RECEIVER’S
MOTION FOR ORDER AUTHORIZING RETENTION,
EMPLOYMENT, AND COMPENSATION OF BANKRUPTCY MANAGEMENT
SOLUTIONS INC. D/B/A STRETTO AS CLAIMS AGENT**

Gregory S. Milligan declares, under 28 U.S.C. § 1746 and under penalty of perjury, that the following is true and correct:

1. My name is Gregory S. Milligan and I am of sound mind and capable of making this Declaration. I have personal knowledge of the facts stated herein and they are true and correct.
2. I am an Executive Vice President of HMP Advisory Holdings, LLC, d/b/a Harney Partners and a Certified Turnaround Professional.
3. On September 13, 2018, the Court entered the Order Appointing Temporary Receiver (Dkt. No. 11) that appointed me as the Receiver for the estates of the Receivership Parties in the civil action styled *Securities and Exchange Commission v. Kevin B. Merrill, et al.*, Case No.: 1:18-cv-02844-RDB pending in the United States District Court for the District of Maryland. On November 27, 2018, the Court entered the First Amended Order Appointing Temporary Receiver (Dkt. No. 62) (collectively, the “Receivership Order”) clarifying and modifying my authority as Receiver and identifying the Receivership Parties.
4. On October 4, 2019, the Court entered an Order granting me authority to identify claimants and creditors of the Receivership Estate and to propose a plan of distribution. *See* Dkt. No. 222. I am in the process of finalizing a proposed claims procedure and anticipate filing the proposed claims procedure on or before February 5, 2021. *See* Dkt. No. 391 at 19.
5. The Receivership Order requires me to “use the Receivership Assets for the benefit of the

Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging [my] duties as Receiver.” Dkt. No. 62 at ¶ 8(D). These duties will necessitate a claims procedure by which hundreds of investors and creditors can submit claims, I can propose a distribution plan, and I can ultimately make distributions to the injured parties.

6. The Receivership Order also provides the following, in pertinent part:

[T]he Receiver is authorized to solicit persons and entities (“Retained Personnel”) to assist him in carrying out the duties and responsibilities described in this Order. With the exception of the retention of counsel to represent him in this matter, the Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement.

Dkt. No. 62 at ¶ 63.

7. Through the Motion, I seek to retain Bankruptcy Management Solutions Inc. d/b/a Stretto (“Stretto”) as my claims agent to facilitate claims and noticing services and otherwise orchestrate the claims administration process. I believe that Stretto and its team are well-qualified to serve as my claims agent based on its years of experience and knowledge of the relevant processes. I considered facilitating the claims process by other means, such as through my or my counsel’s professionals and staff, or through different claims agents, and conducted due diligence in that regard. After such consideration, I believe that Stretto orchestrating the claims administration process will be the most efficient process and will net the greatest recovery for the Receivership Estate.
8. To effectuate my duties as the Receiver, I require the knowledge and experience of Stretto in the industry to effectively handle and facilitate the claims process and administration.
9. The services that Stretto will render to the Receivership Estate are detailed in the Engagement Agreement attached to the Facciano Declaration as Exhibit 1.
10. As detailed in the Engagement Agreement, Stretto will be authorized to be paid a fee for its services in accordance with the proposed fee structure (the “Fee”). Stretto’s fees will depend on the personnel assigned to work on the matters described herein and will be billed to the Receivership Estate on an hourly basis as follows:

<u>Professional</u>	<u>Rate per Hour</u>
Analyst	\$30.00 - \$50.00
Associate/Senior Associate	\$65.00 - \$165.00
Director/Managing Director	\$175.00 - \$210.00
Executive Management	Waived

11. Based upon my investigation and business judgment, I believe that Stretto's hourly rates represent a fair market value arrangement. I believe that engaging Stretto is in the best interest of the Receivership Estate and will allow me to efficiently and cost-effectively handle noticing and processing of filed claims. In my business judgment, the Fee proposed by Stretto is the fair market value for such services and will result in a material benefit to the Receivership Estate. Stretto has agreed that it is required to file with the Court interim and final fee applications in accordance with and pursuant to the Receivership Order and the Billing Instructions for Receivers in Civil Actions Commenced by the SEC.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 5, 2021.



GREGORY S. MILLIGAN